



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

OCT 11 2011

**By Facsimile & First Class Mail**

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E. Scott Morvillo, Esq.  
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565 Fifth Avenue  
New York, NY 10017

RE: MUR 6040  
Fourth Lenox Terrace Associates  
a/k/a Fourth Lenox Terrace  
Development Associates  
The Olnick Organization, Inc.

Dear Mr. Morvillo:

On February 24, 2010, the Federal Election Commission ("the Commission") found reason to believe that your client, Fourth Lenox Terrace Associates a/k/a Fourth Lenox Terrace Development Associates ("Fourth Lenox") violated 2 U.S.C. § 441a(a)(1)(A) and (C), provisions of the Federal Election Campaign Act of 1971, as amended, and instituted an investigation. Following the investigation, on October 4, 2011, the Commission determined to enter into negotiations directed towards reaching an agreement in settlement of this matter prior to a finding of probable cause to believe. On the same date, the Commission found that there is no reason to believe your client, the Olnick Organization, Inc., violated 2 U.S.C. § 441b(a), and closed the file with respect to it. A copy of the Commission's Factual and Legal Analysis is enclosed.

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E. Scott Morvillo, Esq.  
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Sincerely,

*Thomas J. Andersen*

Thomas J. Andersen  
Attorney

Enclosures  
Factual and Legal Analysis

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT: The Olnick Organization, Inc. MUR 6040**

**I. INTRODUCTION**

This matter was generated by a complaint filed by Kenneth F. Boehm, Chairman of the National Legal and Policy Center. *See* 2 U.S.C. § 437g(a)(1).

The complaint alleged that the Olnick Organization, Inc. ("Olnick") provided office space in a rent-stabilized apartment complex at a substantial discount to Representative Charles B. Rangel's congressional campaign committee, Rangel for Congress ("RFC"), and his leadership committee, the National Leadership PAC ("the NLP") (collectively "the Committees"), resulting in unreported prohibited in-kind contributions. 2 U.S.C. §§ 441a(a) and 441b; 11 C.F.R. §§ 114.1 and 100.52(d)(1).

**II. FACTS**

The rent-stabilized apartment at issue in this matter is located at 40 West 135<sup>th</sup> Street in New York City in a building owned by Fourth Lenox Terrace Associates a/k/a Lenox Terrace Development Assoc. ("Fourth Lenox"). Fourth Lenox's apartment building is part of a six building complex called Lenox Terrace. Each of the six buildings that make up Lenox Terrace, including Fourth Lenox, is currently owned by separate general partnerships. The Olnick Organization, Inc. ("Olnick"), a New York corporation that develops residential, commercial and hotel properties, provides a number of services to the Lenox Terrace complex, including: advertising rentals, and providing some property management services.

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During the relevant time period, Representative Rangel leased four rent-stabilized apartments in Fourth Lenox's apartment building at 40 West 135<sup>th</sup> Street. In 1988, Representative Rangel and his wife signed a two-year lease for a previously combined rent-stabilized apartment \_\_\_\_\_. In 1997, Representative Rangel signed a two-year lease for an adjacent rent-stabilized apartment \_\_\_\_\_.

In July of 1996, the tenant living in Unit 10U of the building in which Representative Rangel resides vacated the rent-stabilized one bedroom apartment. On October 16, 1996, Representative Rangel signed a two-year lease to rent Unit 10U from November 1, 1996 until October 31, 1998 for \$498.87 per month. In pertinent part, the lease states "[y]ou shall use the apartment for living purposes only." The lease also barred the tenant from subletting Unit 10U without the landlord's "advance written consent." Thereafter, Representative Rangel signed two-year Renewal Lease Forms for Unit 10U in 1998, 2000, 2002, 2004 and 2006. The rent for Unit 10U increased with each lease renewal and by the 2006-2008 lease renewal period it was \$677.34 per month.

According to Representative Rangel, he subleased Unit 10U to RFC and the NLP. The available information indicates that RFC started paying rent directly to Fourth Lenox in December 1996. RFC's 1996 Year End Report indicates that, on December 3, 1996, the Committee paid "office rent" to Fourth Lenox in the amount of \$166.73 per month and, on December 5, 1996, it reimbursed Representative Rangel \$1,000 for "office rent" paid to Fourth Lenox. It appears that the NLP began splitting the rent for Unit 10U with RFC in November 1998. NLP's 1998 30 Day Post-Election Report indicates that the Committee made its first disbursement to Fourth Lenox on November 12, 1998.

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1           Representative Rangel continued to lease Unit 10U until the 2006 lease expired  
2   on October 31, 2008. According to the Statement of Candidacy filed on March 31, 2009,  
3   the Committee moved to 193 Lenox Avenue, New York. The NLP continued to report a  
4   Post Office Box in New York City as its address. Disclosure reports for both RFC and  
5   the NLP indicate that in October 2008 the Committees each began paying a monthly rent  
6   of \$2,000 to Wicklow Properties, LLC.

7           The complaint alleges that Olnick "provided office space to Rangel for Congress  
8   and/or the National Leadership PAC at a rate significantly below the market value of the  
9   rent for the office." Complaint at 5. The complaint claims that RFC and the NLP  
10   occupied Unit 10U at a greatly reduced rent in violation of New York's Rent  
11   Stabilization Code ("Code"). In support of its allegation, the complaint referenced an  
12   attached newspaper article that ran in the July 11, 2008 issue of the NEW YORK TIMES.  
13   David Kocieniewski, *For Rangel, Four Rent-Stabilized Apartments*, NEW YORK TIMES,  
14   July 11, 2008 ("NEW YORK TIMES article"). The article asserted that Representative  
15   Rangel used Unit 10U "as a campaign office, despite state and city regulations that  
16   require rent-stabilized apartments to be used as a primary residence" and that state and  
17   city rent regulations permit renewals of rent-stabilized apartments "as long as the  
18   [tenants] use it as a primary residence." According to this article, Representative Rangel  
19   and his Committees made use of the office space even while "the Olnick Organization  
20   and other real estate firms have been accused of overzealous tactics as they move to evict  
21   tenants from their rent-stabilized apartments and convert them to market-rate housing."  
22   The article reported that state officials and city housing experts "knew of no one else with  
23   four" rent-stabilized apartments. The article also stated that the Committees pay \$630 for

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1 Unit 10U while one-bedroom apartments in the same development "are now rented for  
2 \$1,865 and up." The complaint also highlighted the article's statements that one of the  
3 owners of Olnick Inc. contributed to both committees in 2004, and further contributed to  
4 the NLP in 2006 and asserts that city records show that in 2005 a lobbyist from the  
5 Olnick organization met with Representative Rangel regarding government approval of a  
6 plan to expand Lenox Terrace. Based on the above information, the NEW YORK TIMES  
7 article suggested that the rental arrangement between the landlord, Representative Rangel  
8 and by extension his Committees, "could be considered a gift because it is given at the  
9 discretion of the landlord and it is not generally available to the public."

10 In its response, Olnick asserts, *inter alia*, that it does not own or control the  
11 subject property. The available information indicates that Fourth Lenox is the owner of  
12 the property at issue in this matter.

13 **III. LEGAL ANALYSIS**

14 There is no information indicating that Olnick has any ownership interest in the  
15 building that houses Unit 10U. Olnick's role in this matter appears to have been limited  
16 to serving as an agent of Fourth Lenox, the owner and landlord, carrying out certain  
17 management functions on behalf of Fourth Lenox.

18 Therefore, there is no reason to believe that the Olnick Organization, Inc. violated  
19 2 U.S.C. § 441b.

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